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## OFFICE MEMORANDUM

To: Assistant Director for Research and Reports

Date: 14 May 1952

From: [REDACTED] 25X1A9a

Subject: Recommendations [REDACTED]

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25X1A9a

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1. As you have learned by cable, [REDACTED] was transferred to [REDACTED] last week by the General's office after a consultation among [REDACTED] 25X1A9a  
[REDACTED] I was isolated at home with the chicken pox, but Mike gave me a briefing on what transpired. The main reasons advanced for the change were that [REDACTED] badly needed an economist, that [REDACTED] has few sources at the present time, and that [REDACTED] 25X1A  
[REDACTED] would be more strategically located in the [REDACTED] Building. 25X1A9a

2. The change is probably a sound one. We need a representative in [REDACTED] 25X1A  
and Mike was assured by [REDACTED] that he would have complete freedom to follow up sources in his specialty at other intelligence collection installations.

3. In view of this change, and of [REDACTED] request to ORR for two or three more analysts, the time seems opportune for reviewing the types of ORR personnel needed in this theater, and the appropriate places for assigning them.

4. I feel that there is sufficient work to be done here to increase and improve the reporting of economic intelligence to occupy fully the time of any number of analysts that ORR might send over. So many economic fields are covered in the various reports collected in the theater that almost any branch in ORR could be profitably represented.

5. Hence it is difficult to choose three or four specialties, out of the large number of fields covered by ORR, as the ones to be represented in the ORR field team. It is just as perplexing, in view of the new organizational set up at the [REDACTED] to decide where these representatives should be located. In the following pages, I have therefore made some recommendations on these matters and have detailed the reasoning behind them, in the hope that ~~it~~ they will be of some help in the formulation of future ORR plans.

### SUMMARY OF RECOMMENDATIONS

6. Types of additional ORR personnel needed: metallurgical, chemical, and engineering industries specialists, all with sufficient ORR experience to understand requirements of branches other than their own. Language qualifications are of secondary importance. A reading knowledge of German would be very helpful; Russian and Satellite languages of slight help only.

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8. The following alternatives, in order of preference, are suggested for the assignment of personnel:

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a. Assign all to [REDACTED] provided (1) ORR can select the type of personnel it thinks is needed; (2) ORR can be assured of a minimum integration of its personnel into the field evaluation program [REDACTED] and of complete freedom to follow up sources at other collection centers. 25X1A

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25X1A9a b. Assign one analyst to [REDACTED] and two or three industrial specialists to [REDACTED] Scientific Division; or, one additional analyst (preferably a metallurgical specialist) to [REDACTED] and two to Scientific Division (preferably a chemical and an engineering industries specialist). 25X1A9a 25X1A

25X1X4

d. Assignment of an East-West trade specialist to [REDACTED] Survey Group, Office of Political Affairs, [REDACTED] would be of marginal value in improving collection of economic intelligence, but would be a good spot for a D/A analyst to observe workings of East-West trade negotiations and enforcement of export control. This is a special case and should be considered separately from the rest of the program. 25X1A9a 25X1A

9. Length of tour of duty: Suggest that two members of the team be assigned to a full two-year tour to insure continuity of operations, and the remainder on a six month's basis.

25X1A6a 10. It is recommended as a special measure that ORR's most experienced Satellite and USSR railroad analysts be assigned to successive TDY assignments in [REDACTED] ranging from two to six weeks for purposes of giving first-hand guidance to [REDACTED] and other organizations collecting railroad information. 25X1A6a

#### TYPES OF ADDITIONAL ORR PERSONNEL NEEDED

25X1A6a 11. One of the fundamental questions to be determined in the assignment of personnel to the [REDACTED] is whether these analysts should be general economists or specialists in a particular field. Most of the economic intelligence collected in this theater is from relatively low-level sources and deals with specific sectors of the economy rather than with overall economic developments. And on these specialized type reports, interrogators and editors need specific guidance, guidance on the most important institutions that should be covered, guidance on the obtaining of technical information, which is assuming increasing importance in ORR's attempt to assess qualitative factors of a country's economy. This type of guidance can best be rendered by the specialist, and [REDACTED] and I both feel that we should select our representatives accordingly. Since only a few ORR branches can be represented in [REDACTED] however, the specialists chosen should have sufficient ORR experience to be familiar with the needs of branches other than their own. 25X1A9a 25X1A6a

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12. The selection of type of specialists should depend on the volume of information collected on a particular subject and the availability of specialists on the subject already in the theater. On the basis of these factors, I would suggest the assignment of a chemical, a metallurgical, and an engineering specialist in addition to the agricultural specialist already on duty.

13. So far as I know there are no metallurgical specialists attached to any of the intelligence collection groups in this theater. There is a considerable flow of reporting on the subject, and a number of technical questions on iron and steel production have been referred to me from time to time that could have been much better answered by a specialist.

25X1A9a 14. Much the same situation exists in regard to reporting on the chemical industry. [REDACTED] is the only chemist in Scientific Division, but his time is fully occupied with administrative duties. The Army and Navy both have chemical specialists, but their interests seem to be on military aspects such as chemical warfare, and on research and development rather than on production. [REDACTED] has indicated that he would like very much to have a chemical specialist from ORR attached to his group.

25X1A9a 15. In the field of the engineering industries, there seem to be no specialists in the theater outside the realm of military production. Navy keeps a zealous eye on shipbuilding. Air Force has a potent staff of ATLO's (Air Technical Liaison Officers) covering every phase of research and development and production of aircraft. [REDACTED] has men on naval weapons, aircraft, guided missiles, and electronics. In the field of production of ground weapons and ammunition, 25X1A9a there is plenty of room for an ORR specialist. The briefing that [REDACTED] gave [REDACTED] on Soviet AFV production was, I believe, the first such guidance they had ever had; yet armament producing installations are one of their highest collection priorities. Reporting on machinery production probably confounds the interrogators more than any other subject. There are specialists in the area on electronics; Air Force has a man on production equipment, but his interest is primarily in specialized equipment for aircraft production. That is about all. Reporting on any one type of machinery, with the possible exception of the electrical and electronics field, is hardly sufficient to occupy the time of one analyst. What is needed is a specialist well grounded in the basic processes of manufacturing--casting, forging, and machining--who can represent the interests of all of the branches of D/I. The electronic field is a little different. There seems to be a considerable amount of reporting, but it is too highly slanted on the technical side with the economic aspects somewhat neglected. [REDACTED] would like an ORR electronics expert working side by side with his electronics specialist. I asked him why his man with a little additional effort could not cover the production aspects for us; but he replied that he felt he should concentrate on research and development. I am inclined to the opinion that inasmuch as our representation in [REDACTED] 25X1A6a is going to be a small one that we should not attempt to parallel [REDACTED] 25X1A9a but to supplement him.

16. Language qualifications, I feel, are a secondary consideration to substantive qualifications. As a rule there are an adequate number of interrogators available to work with our representatives on almost any language. Actually our people will probably engage in a minimum of direct interrogations.

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A knowledge of German would be useful for scanning the considerable number of reports that are collected in the German language, particularly for anyone assigned to [REDACTED] Speaking ability in Russian or any of the Satellite languages, while useful, is not at all necessary. 25X1A

#### ORGANIZATIONS TO WHICH ORR PERSONNEL CAN BE ASSIGNED

17. Before discussing the pros and cons of assigning ORR personnel to various organizations, I will review briefly the types of sources which will have to be covered by these personnel and the organizations which are exploiting them:

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c. Defectors: exploited at [REDACTED] a half hour's drive from [REDACTED] Number of sources varies from time to time. At present only two sources being exploited who have much to offer in the field of economic intelligence.

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25X1A6a d. Returned [REDACTED] exploited at [REDACTED] on outskirts of [REDACTED] Sources are small in number but high in quality.

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what potential exists among these refugees.

18. In the pursuance of the above program, the following are the organizations to which ORR personnel might be assigned:

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a. [REDACTED] (list of functions attached):  
Strategic offers the following advantages for the placement of ORR personnel:

(1)  
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[REDACTED]

25X1A6d (2) It is centrally located in the [REDACTED] Building.

(3) It has excellent communications with Washington, including a weekly telecon, in which ORR could participate.

(4) Its leadership is dynamic (but will change in September), and the Division seems to be in a favorable position as regards the General's office. Through its representation in

25X1A [REDACTED], ORR would be in a good position to emphasize the importance of economic intelligence  
25X1A6a to the top level of the [REDACTED]

On the other hand, there are these disadvantages:

(1) Concentration of effort is on East Germany, Poland, and Czechoslovakia. [REDACTED] has no significant mission as regards the USSR, although [REDACTED] has indicated that they might expand their coverage in the future. 25X1A  
25X1A9a

25X1A (2) [REDACTED] has a heavy workload of oral briefings, watch committee work, and weekly, monthly, and other reports. These activities are of little or no value to ORR, yet it is difficult to see how ORR personnel assigned to [REDACTED] could avoid shouldering the burden of some of this evaluation work. [REDACTED] has assured [REDACTED] that he will be free to follow up sources in other collection organizations. If, however, he has three people from ORR filling his slots, he will want them to produce some evaluated intelligence. In requesting a statistician, he must have in mind doing some analysis of 25X1A  
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Eastern German or Czech production statistics, which activity would be a repetition of work being done in ORR. Rendering guidance to [REDACTED] 25X1X4 operations in the field of economic intelligence should occupy no more than 25% of the time of ORR analysts assigned to Strategic. They should 25X1A6a spend the remaining 75% of their time at [REDACTED] 25X1A6a [REDACTED] Once they start engaging in analysis work, however, they will not have the time to carry out this guidance program.

If we could gain assurance that ORR personnel assigned to Strategic would have as their primary mission the rendering of guidance to collection organizations, then Strategic would be a good place to assign our entire representation. Under the new decentralized organization in [REDACTED] 25X1A6a we may not be in a position to obtain such a guarantee, but I feel that 25X1A9a [REDACTED] is sufficiently anxious to expand his organization, and particularly to staff it with economists, that he may be willing to go along with us. The important thing is to have a full understanding on the matter before we assign any additional personnel. Regarding his requests for a general economist and a statistician, we might be able to satisfy him with a specialist with a good economic background (or give in completely on this point) and another specialist with a good statistical background.

25X1A9a [REDACTED] out of town for several weeks; but when he returns, [REDACTED] and I will discuss the matter with him.

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25X1A9a c. Scientific Division: [REDACTED] has expressed an interest in having one or two ORR industrial specialists, preferably chemical and electronic, assigned to his division. His people are a fine group to work with, and in many respects, their interests are closely akin to ours. Scientific is an ideal organizational setup for guiding the collection of intelligence. 25X1A9a [REDACTED] personnel can move wherever the sources are, have no analytical responsibilities, and serve only one master. This may be one place for assigning industrial specialists if we are unable to make satisfactory arrangements with [REDACTED] 25X1A Then

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too, it may be the one place where we could assign personnel for six-month tours of duty.

25X1A6a d. [REDACTED] has been an ideal operating center from our point of view. They have given me adequate logistical support without requiring me to perform any organizational duties. [REDACTED] 25X1A9a have backed me 100% in my outside activities. The only disadvantage, and it has been a substantial one, is its location in the country. This has made it difficult for me to keep up with developments in the [REDACTED] Building. The 25X1A6d number of defectors at the present time is not sufficient to justify a full time ORR Representative, unless that representative services other activities as well. And these other activities can be better served from the [REDACTED] Building. If 25X1A6d we are to have several representatives in [REDACTED] it would be 25X1A6a better to have the appropriate specialist visit [REDACTED] as the 25X1A6a need arises. If, however, there is no organization in the 25X1A6d [REDACTED] Building to which we can assign personnel without integration into an evaluation program, then the disadvantage of location might be more than balanced by the advantage of 25X1A6a freedom of movement at [REDACTED]. Judging by [REDACTED] transfer, 25X1A9a it may well be that the General's office would not in the future permit us to place a representative at [REDACTED], even if 25X1A6a we wished to do so.

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25X1A9a [REDACTED]  
25X1A9a [REDACTED], Chief of [REDACTED] has a section headed by [REDACTED] 25X1A9a  
[REDACTED] which produces intelligence on East-West trade. Their  
source material consists of various types of intelligence which  
ORR receives, and, in addition, [REDACTED] 25X1X4  
25X1X4 [REDACTED] and [REDACTED] reports, which ORR does not receive. From  
25X1A6a this material [REDACTED] ishes a series of East-West trade  
25X1A9a reports which [REDACTED] shop receives, and spot memoranda to  
provide intelligence support for [REDACTED] enforcement officials. 25X1A  
25X1A9a For example, [REDACTED] may receive a [REDACTED] report indicating that 25X1A6a

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25X1A9a [REDACTED] would like to have an ORR East-West trade  
specialist assigned to his group on an integrated basis for a  
period of six months or longer. This specialist would assist  
25X1A9a [REDACTED] section in the preparation of reports and would look  
out for items in which ORR might be interested. [REDACTED] took 25X1A9a  
particular pains to point out that ORR would thus have access  
to certain types of reports which it would not otherwise  
receive. I asked him why ORR couldn't be put on the distri-  
25X1X4 bution list for the [REDACTED] if they  
so desired. He replied that these were too sensitive to be  
forwarded to Washington, which I find hard to understand.  
25X1A6a Rather than send someone to [REDACTED] to read these reports, it  
might be better to get ORR placed on the distribution list  
for them. (Incidentally, [REDACTED] is microfilming all 25X1A9a  
25X1A9a of [REDACTED] files.)

While assignment of an ORR specialist to this group  
seems of marginal value so far as improving the collection of  
economic intelligence is concerned, it might be valuable in  
providing a D/A analyst with an opportunity to observe the  
workings of East-West trade negotiations in [REDACTED] and of trade 25X1A  
enforcement activities. A deterring factor, however, is the  
25X1A uncertainty of the part to be played by the [REDACTED] 25X1A  
[REDACTED] upon completion of the contractual agreement,  
in East-West trade matters. If ORR is interested in making  
such an assignment, I feel it should be considered as a special  
25X1A9a case apart from the rest of the [REDACTED] representation. 25X1A6a  
[REDACTED] or I will, if further interest is evinced, go to Bonn  
and obtain the latest information on the future of Survey  
Group's activities.

19. If either (a) or (b) is adopted, I think that each ORR  
representative should, in addition to his functional specialty,  
have the responsibility for monitoring a particular collection  
program. One analyst should be responsible for following

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responsibility might be termed an administrative one, whereby the ORR representative would keep himself fully informed of sources being processed, problems of collection, and support for particular programs which might be required from Washington. It would also fix responsibility for insuring that all subjects of economic interest, whether or not within the field of one of the assigned specialists, are properly covered.

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20. In regard to the length of the tour of duty of ORR representatives in [REDACTED] there are certain disadvantages in a six month's tour. Ordinarily an analyst would require several months to reach full effectiveness in his duties here; shortly after that he returns home. It is somewhat disconcerting to the collection organizations to have a constant turnover in the personnel giving them guidance. For a man with a family, he must either leave his family behind him or bring them over at his own expense. What is more important are the problems involved in uprooting his family for such a short period. On the other hand, the short tour enables more analysts to secure this valuable field experience and permits the sending of a greater variety of specialists over a given period of time.

The full two year tour insures a greater continuity of effort, enables an analyst to become more proficient in his duties, but has the attendant disadvantage of keeping the specialist too long out of touch with his analytical duties, probably making it more difficult for him to readjust when he returns.

On this problem I would suggest a combination of the two procedures. Assign one or two analysts to a two year tour and the remainder for six month tours. In this way we can preserve continuity, and, at the same time, continually augment the mission with new blood. This method would work best if all our representatives were grouped together, either [REDACTED] or divided between [REDACTED] and Scientific [REDACTED]

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21. As a special measure, I would recommend that ORR's most experienced analyst on Satellite railroads be sent to [REDACTED] on TDY for a period of from two to six weeks to give first-hand guidance on collection of railroad information.

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This visit should be followed by a similar one from an experienced USSR railroad analyst. The primary mission of these analysts would be to confer with [REDACTED] of [REDACTED] who, though responsible for collection of all economic intelligence, has for a long period of time been concentrating on railroads. Virtually every source handled by [REDACTED] is

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interrogated on this subject. [REDACTED] knows his business, knows in general what information to collect, but needs specific guidance from Washington as to how to concentrate his effort and what specific information to collect. The [REDACTED] publications on Soviet railroad systems, which we have furnished [REDACTED]

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have been of great help to him, in fact have constituted the only guidance he has received from Washington. Further current written requirements would help him, but I feel that the stimulus of personal guidance from experts is what he needs, and that such guidance would pay immediate dividends in the form of better reporting, and reporting better suited to our needs.

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Although guidance to [REDACTED] would be their primary mission, these analysts would also have the opportunity to confer with other groups, such as Air Force and SO, which are collecting railroad information.

This very short tour of duty has been suggested, because I feel the best people could be spared for a short time, whereas ORR might feel it could not part with them for as long as six months. I feel, too, that inasmuch as they will be conferring with people experienced in collecting railroad information, that the guidance mission can be accomplished in a relatively short period of time.

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[REDACTED]

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